

**250,000 Class "A" Shares
(No Par Value)**

Burrard Dry Dock Company, Limited

(Incorporated under the laws of the Dominion of Canada)

Cumulative Participating Non-Callable Class "A" Shares

Entitled to fixed preferential cash dividends cumulative from June 15th, 1947, at the rate of 45¢ per share per annum payable quarterly (15th September, December, March and June) at par at any branch in Canada of the Company's bankers; non-voting unless four quarterly dividends in the aggregate are in arrears, in which case holders of Class "A" shares shall be entitled to voting rights of one vote for each share held, and shall also have the exclusive right of voting separately and as a class to elect one-quarter of the members of the Board of Directors; entitled on distribution of assets first to receive unpaid cumulative dividends together with any participating dividends thereon, theretofore declared but not paid, and thereafter to share equally share for share with the Class "B" shares.

Participating Feature

Whenever, in any fiscal year, dividends aggregating 15¢ per share shall have been paid or declared and set apart on the Class "B" shares (after all preferential dividends on the Class "A" shares have been paid, or declared and set apart), the Class "A" shares will be entitled to participate equally with the Class "B" shares, share for share, in any further dividends which may be paid, declared or set apart in such year until there have been declared on each of the then outstanding Class "A" and Class "B" shares additional dividends equal to 30¢ per share, after which the holders of the Class "A" shares shall not be entitled to participate in any further dividends which may be declared in such financial year.

Dividend Maintenance Fund

The Company has set aside in a "Class 'A' Dividend Maintenance Fund" out of the earned surplus of the Company, the sum of \$562,500 being the equivalent of five years fixed dividend requirements on the Class "A" shares. This Fund is to be held in a special Trust Account consisting of cash in bank or investments in Dominion of Canada Bonds and is to be used and maintained in the manner and to the extent provided in paragraph 5 of Section 9 of the subjoined Statutory Information in which further particulars regarding the operation of the Fund are set forth.

Transfer Agent: The Canada Trust Company, Toronto, Montreal, Winnipeg and Vancouver.

Registrar: Montreal Trust Company, Toronto, Montreal, Winnipeg and Vancouver.

Capitalization

(After giving effect to the issue of Supplementary Letters Patent being applied for and after retirement of the outstanding First Mortgage Bonds of the Company)

	Authorized	To be Outstanding
Cumulative Participating Non-Callable Class "A" shares of no par value.....	250,000 shs	250,000 shs
Class "B" shares of no par value.....	750,000 shs	750,000 shs

The Company has made application to list the Class "A" shares on the Toronto, Montreal and Vancouver Stock Exchanges.

The offering of these Class "A" shares (which are being purchased from shareholders of the Company) does not represent new financing by the Company.

We offer, as principals, the Class "A" shares, subject to prior sale and change in price, if, as and when accepted by us and subject to the approval of Messrs. Campney, Owen & Murphy, Vancouver, Counsel for the Company, and of our Counsel, Messrs. Daly, Thistle, Judson & McTaggart, Toronto and Messrs. Douglas, Symes & Brissenden, Vancouver.

Price: \$9.00 per share, to yield 5%

It is expected that Interim Certificates will be available for delivery on or about June 17th, 1947.

Wood, Gundy & Company

Montreal
Winnipeg
Vancouver
New York
London, Eng.

Limited
36 King Street West
Toronto 1
Telephone: ELgin 4321

Ottawa
Hamilton
Victoria
Kitchener
London, Ont.

(LETTERHEAD)
BURRARD DRY DOCK COMPANY, LIMITED

North Vancouver, B.C.,
May 19th, 1947.

**WOOD, GUNDY & COMPANY
LIMITED**

Dear Sirs,

With reference to Class "A" Shares of Burrard Dry Dock Company, Limited, we have pleasure in submitting the following information:

The Company

The enterprise now owned and operated by Burrard Dry Dock Company, Limited and its wholly-owned subsidiaries, Yarrows Limited and Burrard (Vancouver) Dry Dock Company, Limited, is the largest and one of the most modern shipbuilding and ship repairing organizations in the Dominion. In 1894 the late Alfred Wallace, founder of Burrard Dry Dock Company, Limited began building lifeboats on contract for Canadian Pacific Steamships Limited. Clarence Wallace, a son of the founder, and President of the Company, joined the firm in 1912 and his brother Hubert A. Wallace, Vice-President of the Company, joined the firm in 1919. The current number of employees in the organization exceeds 2200.

Record of Achievement

The organization had an excellent record during 1914-1918. In the period that followed, the Company built a wide range of ships, including the Princess Louise a 300 ft. luxury passenger ship for the Alaskan tourist business, yachts, fireboats, small diesel powered oil tankers, oil barges, and the Royal Canadian Mounted Police Boat, St. Roch. At the same time a substantial volume of ship repair work was done. During the years 1939-1945 the Company's shipbuilding accomplishment was outstanding. At the outbreak of war in 1939 the first work done was the fitting of cargo vessels with armament, degaussing and other necessary equipment. This was followed by the construction of an ammunition lighter, four corvettes and six minesweepers for the Royal Canadian Navy. Eight 10,000-ton cargo ships of the North Sands coal-burning type were then built for the British Government. Subsequent orders brought the total to 109 cargo vessels, or more than one-third of Canada's total production of 312 ships of 10,000 tons. Of these 109 ships, 8 were victualling store issue ships for the British Ministry of War Transport, 10 were maintenance ships for the British Admiralty, 3 were converted into victualling ships after being in service for Park Steamships Limited, and 1 was converted into a passenger and cargo vessel for the Union Steamship Company of New Zealand. The Company also built one 7,500-ton diesel powered cargo and passenger ship now owned and operated by the Canadian National Steamships Limited and completed post-war six 210 foot 1260-ton China coasters which were in course of construction for Wartime Shipbuilding Limited. In addition the organization altered 19 American aircraft carriers to British Admiralty requirements, and converted for war purposes the Prince Henry, Prince Robert, Prince David, and Awatea.

With peace have come new demands and the organization is meeting them with the same efficiency that characterized its successful wartime achievements. Servicing and repair work is from time to time handled for Canadian Pacific Steamships Limited coastwise passenger ships, for Imperial Oil Limited coastwise and deep sea tankers, for Union Steamships Limited ships and many others, including a substantial volume of work for ships of Scandinavian registry. All ships must meet regular inspection requirements with regard to maintenance and repairs, which result in a continuous flow of this type of business.

In the Yarrows Limited shipyard at Victoria a new 350 foot passenger ship is now under construction for the Canadian National Steamships Limited. It is one of the largest passenger ships to be built on the Pacific Coast and will cost some \$3,000,000. The ship is planned for the Alaskan tourist trade and will accommodate over 320 passengers.

In competitive bidding the organization was successful in obtaining a contract from the French Government to build five 7,500-ton colliers, five 4,850-ton colliers and four lighthouse tenders for the French Merchant Marine which are now under construction.

Prospective Business

Two factors are of basic importance in surveying the Company's prospective business at the present time, namely the greatly increased facilities of the organization compared with the pre-war position and the large volume of shipping handled by British Columbia ports. Since 1939 the organization has acquired free of debt, modern and up to date buildings and equipment which have been fully depreciated by way of special depreciation of wartime facilities to the amount of \$6,345,000. These additional facilities have increased the Company's potential earning power considerably, over that of the pre-war period. The organization now has in Vancouver and Victoria two of the most modern and up to date plants available on the Pacific Coast of North America, and is in a favourable position to compete with yards on the Pacific Coast of the United States on the basis of time required to complete a repair job and it is believed at appreciably lower costs. With excellent facilities to do the work, an indication of the volume of business available may be derived from the following statistics relating to the Ports of British Columbia, taken from the annual statistical report for 1946 of Vancouver Merchants Exchange and the Canada Year Book 1946.

The Port of Vancouver, which is open throughout the year, handles one of the largest annual volumes of shipping of any Canadian port. In the calendar year 1946 a total of 701 deep-sea vessels with an aggregate net registered tonnage of more than 2,948,000 tons entered the Port of Vancouver. Of these ships 208 were British, 254 American, 131 Canadian, 26 Dutch, 26 Norwegian, 18 Swedish and the remaining 38 from many other countries. Of the deep-sea vessels sailing from the Port of Vancouver 309 were for the United Kingdom or the European continent, 140 for the Orient, 137 for the West Coast of the United States, 31 for Australasia, 42 for South America, 9 for Russia and the remainder for various destinations.

While Vancouver is the outstanding port of British Columbia from which 715 deep-sea vessels cleared in 1946, the total number of clearings from 12 British Columbia ports numbered 1,450. Included in the aggregate were 281 from New Westminster and 106 from Victoria. Of the total tonnage exported 63.9% was shipped from Vancouver, 22.7% from New Westminster and 5.0% from Port Alberni. Principal products shipped from British Columbia ports in 1946 included more than 61 million bushels of grain, 745 million board feet of lumber, 353,000 tons of pulp and paper, 1,830,000 barrels of flour.

In addition to the deep-sea shipping entering the Port of Vancouver in 1946, the coastwise shipping totalled over 25,000 vessels with a net registered tonnage in excess of 8,370,000 tons. Moreover, the fact that the City of Victoria and adjoining municipalities located on Vancouver Island have an aggregate population in excess of 100,000 necessitates continuous steamship services as does the extensive lumber and coal output of Vancouver Island.

From the substantial volume and wide diversification of the shipping handled through British Columbia ports it is evident that an important continuing amount of ship maintenance and repair work will be available as well as shipbuilding, for the modern and efficient plants owned or controlled by Burrard Dry Dock Company, Limited.

Burrard Plant

Located on the north shore of Burrard Inlet at Vancouver, the Burrard Dry Dock Company Limited plant is completely equipped for the construction and repair of practically all types and sizes of ships and the production of marine engines. The facilities and equipment include a mold loft 70' by 350'; plate and boiler shops; angle shop; prefabrication shop; steel plate storage facilities; machine shop; electrical engineering and drafting departments and a modern steel pipe shop. Other divisions include union melt welding, pattern making, ship joinery, rigging, painting and finishing interiors as well as exteriors, and the maintenance of a complete stock of stores and fittings to enable prompt and efficient completion of jobs.

Practically no ship repair job is too small or too large for the Company to handle. A floating dry dock for large vessels has lifting capacity of 16,000 tons, is 556 feet 6 inches long over keel blocks, has a 126-foot beam and a clear inside width at the bottom of the side walls of 98 feet. The depth of water over the keel blocks is 27 feet. A 45 ton-Colby travelling crane makes lifts direct from the dry dock to ship and this together with a 75-ton fixed crane speeds up work when the removal of main engines and fabricated sections, or other heavy lifts, are required.

To handle the large amount of coastwise repair business without congesting the floating dry dock with small vessels, the Company's 2,000-ton marine railway, services the smaller craft and will take ships up to 250 feet in length.

Yarrows Plant

Early in 1946 Burrard Dry Dock Company Limited purchased the two shipbuilding and ship repairing plants of Yarrows Limited in Victoria, which are now under the management of Hubert A. Wallace, Vice-President of Burrard Dry Dock Company Limited. The Yarrows shipyard was purchased in 1914 by Sir Alfred Yarrow, Bart., from the B.C. Marine Company Limited and was conducted under the name of Yarrows Limited from 1914 to 1946. The organization has an outstanding record and its acquisition has greatly expanded the capacity of the Burrard Dry Dock Company Limited. The two Yarrows shipyards include a complete range of shipbuilding and repair equipment, including mold loft, plate shop, modern lifting equipment, and marine railway, and are located adjacent to the Government graving dock. During the 1939-1945 period, in addition to the production at the Burrard plants, the Yarrows plants built 5 transport ferries, 5 corvettes, 17 frigates, two 10,000-ton freighters, and handled the complete overhaul to provide for troopship activities of R.M.S. Queen Elizabeth, the world's largest vessel.

Victoria is a strategic location for the Yarrows plant, as it is the first Canadian port of call on the Pacific coast for ocean going ships. Its repair facilities are therefore readily available to incoming ships requiring repairs.

Debt Retirement and Reorganization of Capital

The Company proposes to retire out of available funds of the Company on October 9th, 1947 all the outstanding First Mortgage 3% and 3½% Serial Bonds due October 9th, 1947 to April 9th, 1960. The Company has deposited with the Montreal Trust Company the funds required for the bond redemption and the Montreal Trust Company has released to the Company all assets of the Company pledged to secure the bonds.

The Company has applied for Supplementary Letters Patent to provide for the reorganization of its present capital, upon the completion of which the capitalization of the Company will be as shown on page one of this prospectus and in the subjoined pro forma consolidated balance sheet.

Dominion of Canada Subsidy

Under the provisions of the Dry Dock Subsidies Act, 1910, the Government of the Dominion of Canada entered into an agreement with Burrard Dry Dock Company Limited on December 2nd, 1921, pursuant to which the Company is entitled to receive from the Dominion Government regular semi-annual subsidy payments as hereinafter referred to for the purpose of building and constructing the floating dry dock and appurtenant works at Vancouver. Such semi-annual subsidy payments were assigned by the Company to the Montreal Trust Company to be applied in payment of principal and interest on the outstanding bonds.

In the opinion of the Company's Counsel, the subsidy is now payable, under the terms of the Subsidy Agreement by the Government of the Dominion of Canada direct to Burrard Dry Dock Company, Limited. These payments amount to \$110,118 annually in the years 1948 to and including 1957, and for the years 1958, 1959 and 1960 amount to \$100,127, \$67,410 and \$8,238 respectively.

Earnings

Report on Earnings for the Ten Years Ended December 31, 1946

Messrs. Helliwell, MacLachlan & Co., Chartered Accountants, Vancouver, auditors of the Company, have reported on the earnings of the Company and its subsidiaries as follows:

To the Directors,
Burrard Dry Dock Company Limited,
Vancouver, B.C.

Dear Sirs:

We have examined the books and accounts of the following companies for the periods noted hereunder:

- (a) Burrard Dry Dock Company Limited for the ten years ended December 31, 1946.
- (b) Burrard (Vancouver) Dry Dock Company Limited from the date of incorporation August 7, 1941 to December 31, 1946.
- (c) Yarrows Limited for the year ended December 31, 1946.

and we have been furnished with statements of Yarrows Limited signed by its auditors, Price, Waterhouse & Co. for the nine years ended December 31, 1945.

We report that, in our opinion, the combined earnings of Burrard Dry Dock Company Limited and its subsidiary companies for the ten years ended December 31, 1946 are correctly set forth in the following statement and the relative foot notes.

Fiscal periods ended in	Operating profit and investment income before depreciation and taxes on income	Provision for depreciation of fixed assets (including special depreciation of wartime facilities)	Provision for taxes on income after deducting refundable portion (Note 4)	Aggregate net earnings including refundable portion of excess profits taxes
1937.....	\$ 180,073.26	\$ 78,727.14	\$ 44,471.20	\$ 56,874.92
1938.....	152,644.37	79,660.36	38,912.86	34,071.15
1939.....	292,018.77	81,161.71	76,336.99	134,520.07
1940.....	436,839.28	137,912.64	166,723.85	132,202.79
1941.....	3,122,757.61	443,329.93	1,625,462.10	1,053,965.58
1942.....	4,077,966.80	2,020,689.20	1,122,612.98	934,664.62
1943.....	6,258,179.82	4,107,548.62	1,311,239.20	839,392.00
1944.....	4,033,296.44	1,126,014.76	1,790,425.56	1,116,856.12
1945.....	2,481,577.43	413,080.88	1,198,239.01	870,257.54
1946.....	574,616.95	156,241.26	213,000.00	205,375.69

NOTE 1: In addition to the above a net loss on sale of investments and other capital assets during the years 1937 to 1945 inclusive, not significant in any one year, amounted to \$8,178.25 while a profit from the same source in 1946 amounted to \$177,835.49.

NOTE 2: The earnings of Yarrows Limited, whose shares were acquired by Burrard Dry Dock Company Limited as at December 31, 1945, have been included in the above figures for each of the ten years ended December 31, 1946.

NOTE 3: The above earnings for the years 1942, 1943, 1944 and 1945 include earnings of Burrard (Vancouver) Dry Dock Company Limited for fiscal periods ended on June 30 in each of these years, and those for the year 1946 include earnings of that company in the amount of \$68,270.84 for the eighteen months ended December 31, 1946.

NOTE 4: The provision for taxes on income shown above is after deduction of the refundable portion of excess profits taxes as follows:

1942.....	\$ 82,396.14
1943.....	210,035.35
1944.....	302,868.20
1945.....	139,272.25

Vancouver, B.C.
May 12, 1947.

(Signed) HELLIWELL MACLACHLAN & CO
Chartered Accountants.

Payments from Dominion of Canada

Upon the retirement of the outstanding First Mortgage Bonds the remaining subsidy payments together with the repayment of the refundable portion of excess profits taxes will provide the following funds to the Company in the years 1948 to 1960:

Year	Dominion of Canada Subsidy	Refundable Portion of Excess Profits Taxes	Total
1948.....	\$110,118	\$ 82,396	\$192,514
1949.....	110,118	210,035	320,153
1950.....	110,118	302,868	412,986
1951.....	110,118	139,272	249,390
1952.....	110,118	.....	110,118
1953.....	110,118	.....	110,118
1954.....	110,118	.....	110,118
1955.....	110,118	.....	110,118
1956.....	110,118	.....	110,118
1957.....	110,118	.....	110,118
1958.....	100,127	.....	100,127
1959.....	67,410	.....	67,410
1960.....	8,238	.....	8,238

The foregoing payments aggregating \$2,011,526 are entirely independent of the operation and earnings of the Company and such payments as received will go directly into the current cash resources of the Company.

Fixed dividend requirements on the new Cumulative Participating Non-Callable Class "A" Shares to be outstanding will aggregate \$112,500 per annum.

Upon completion of present financing the interest charges on the First Mortgage Bonds will be eliminated through the retirement of such Bonds out of current funds of the Company.

Interim statements show that, in the three months ended March 31st, 1947, after provision for depreciation and income and excess profits taxes the Consolidated Net Earnings of the Company and its Subsidiaries amounted to approximately \$95,000. From the current business on hand including the new passenger ship for Canadian National Steamships Limited and the ten new colliers and four light-house tenders for the French Government, as well as a good volume of repair work, the Company regards the earnings outlook as satisfactory for the full year 1947.

Assets

According to the subjoined Pro Forma Consolidated Balance Sheet of the Company and its subsidiaries as at December 31st, 1946, as reported on by the Company's auditors, Messrs. Helliwell, MacLachlan & Co., Chartered Accountants, Vancouver, the combined assets, after retirement of the Company's First Mortgage Bond issue and the establishment of the Class "A" Dividend Maintenance Fund, were as follows:

Land, buildings, plant, floating dry dock and other equipment.....	\$10,803,502
Less depreciation	8,214,827
	\$ 2,588,675
Net current assets after deducting current liabilities.....	2,193,598
Class "A" Dividend Maintenance Fund.....	562,500
Refundable portion of excess profits taxes.....	734,571
Combined assets.....	\$ 6,079,344

Included in the above amount of \$10,803,502 Fixed Assets is modern, up to date equipment valued at over \$6,345,000 which is fully depreciated.

Summary of Certain Class "A" Share Provisions

The Cumulative Participating Non-Callable Class "A" shares confer the right to fixed cumulative preferential cash dividends as and when declared by the Board of Directors at the rate of 45¢ per share per annum, payable quarterly on the 15th day of September, December, March and June in each year at par at any branch in Canada of the Company's bankers; no dividends shall at any time be paid or declared or set aside for payment upon the Class "B" shares or any class of shares ranking junior to the Class "A" shares unless all cumulative preferential dividends on the Class "A" shares shall have been paid or set apart for payment.

Whenever in any financial year dividends aggregating 45¢ per share shall have been paid or declared and set apart for payment on the Class "A" shares and dividends aggregating 15¢ per share shall have been paid or declared and set apart on the Class "B" shares any additional dividends declared by the Board of Directors in such financial year shall be declared and paid or set apart for payment in equal amounts per share on the Class "A" shares and Class "B" shares outstanding, share and share alike until there have been declared on each of the Class "A" and Class "B" shares outstanding additional dividends equal to 30¢ per share after which the holders of the Class "A" shares shall not be entitled to participate in any further dividends in such financial year.

In the event of the liquidation, dissolution or winding up of the Company, the holders of the Class "A" shares shall first be entitled to receive an amount equal to all unpaid fixed cumulative preferential dividends together with any participating dividends thereon theretofore declared but not paid and thereafter the holders of the Class "A" shares shall be entitled to share equally with the holders of the Class "B" shares, share and share alike in all distributions of the assets of the Company.

The Company shall forthwith set aside in a Class "A" Dividend Maintenance Fund out of the earned surplus of the Company the sum of \$562,500 which shall be applied from time to time in accordance with the provisions set out in the subjoined Statutory Information, for the sole and exclusive purpose of ensuring the regular payment of the fixed cumulative preferential cash dividends on the Class "A" shares to the extent and in the manner more particularly set forth in such provisions.

The holders of the Class "A" shares shall not be entitled to attend or vote at meetings unless dividends are in arrears to the extent of four quarterly dividends in the aggregate in which case they have full voting rights and are entitled as a class to elect one quarter of the members of the Board of Directors, so long as any dividends on the Class "A" shares remain in arrears.

No dividends may be declared or paid on any shares ranking junior to the Class "A" shares:—

- (i) When there are any arrears of dividends on the Class "A" shares, or
- (ii) When the consolidated net current assets of the Company and its subsidiary Companies are less than or after the payment of such dividends would be less than \$1,500,000.

Subject to certain exceptions which are fully set out in the provisions attaching to the Class "A" shares, the Company may not create or cause or permit any subsidiary company to create any mortgage, lien, charge or encumbrance of any kind on any part of the property of the Company or any subsidiary company or issue or cause or permit any subsidiary company to issue any bonds, debentures, debenture stock or other evidence of indebtedness without the approval of the holders of the Class "A" shares.

No class of shares may be created or issued ranking as to capital or dividends in priority to or on a parity with the Class "A" shares and the authorized amount of the Class "A" shares cannot be increased without the approval of the holders of the Class "A" shares.

The manner in which the approval of the holders of the Class "A" Shares is to be obtained is set out in full in the provisions attaching to such shares.

THE FOREGOING SUMMARY IS NOT COMPLETE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL PROVISIONS ATTACHING TO THE CLASS "A" SHARES WHICH PROVISIONS ARE SET OUT IN THE SUBJOINED STATUTORY INFORMATION.

Yours very truly,

(Signed) C. WALLACE

President.

Burrard Dry Dock Company Limited and Subsidiary Companies

Consolidated Balance Sheet As At December 31, 1946

ASSETS

CURRENT ASSETS:

Cash in bank and on hand.....	\$ 443,837.25
Marketable securities:	
Dominion of Canada bonds at cost (Market value \$2,013,000.00).....	\$2,013,000.00
Other securities at cost (Market value \$28,500.00).....	28,486.00
Interest accrued.....	5,779.07
	<hr/>
Accounts receivable, less reserve:	
Dominion Government departments and Crown corporations.....	\$ 613,497.52
Other.....	1,161,226.28
	<hr/>
Wartime Shipbuilding Limited:	
Claims in respect of terminated contracts.....	\$4,126,634.09
Less balance of accountable advances on ship construction, after charging inventory of stores \$746,639.25.....	2,779,122.30
	<hr/>
Deposits on tenders.....	1,347,511.79
Receiver General of Canada—overpayment of taxes on income (Note 1).....	18,025.00
Inventories of stores and supplies, at cost.....	438,895.10
Work in progress, ship repairs (Note 2).....	1,150,918.32
Prepaid expenses.....	374,938.27
	<hr/>
REFUNDABLE PORTION OF EXCESS PROFITS TAXES: (including \$5,903.57 applicable to operations of a subsidiary company, prior to the acquisition of its shares by Burrard Dry Dock Company Limited).....	20,924.76
	<hr/>
ADVANCES TO PARENT COMPANY:	
Wallace Shipbuilding & Dry Dock Company (1930) Limited (Note 3).....	\$ 7,616,989.36
	<hr/>
FIXED ASSETS AT COST:	
Real estate:	
Business property.....	\$ 894,162.82
Residential property (non-revenue producing).....	110,406.91
	<hr/>
Floating dry dock, buildings, plant and equipment, automobiles and trucks.....	\$ 1,004,569.73
Less reserves for depreciation (including special depreciation of wartime facilities \$6,345,302.14).....	8,214,827.17
	<hr/>
Agreement for sale of real estate.....	1,584,105.64
	<hr/>
BOND DISCOUNT AND EXPENSES.....	1,518.98
	<hr/>
	2,590,194.35
	<hr/>
	81,260.29
	<hr/>
	\$11,159,316.23

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities.....	\$ 845,764.97
Balance due on purchase of shares in a subsidiary company.....	414,282.09
French Supply Council in Canada:	
Progress payments received in respect of construction of steam colliers.....	\$3,733,345.94
Less costs of construction in progress.....	1,150,012.99
	<hr/>
	2,583,332.95
	<hr/>
FIRST MORTGAGE 3 PER CENT. AND $\frac{3}{4}$ PER CENT. SERIAL BONDS: (Authorized issue \$1,772,392.39)	\$ 3,843,380.01

Outstanding:	
3% due 1947—1951.....	\$ 347,687.67
$\frac{3}{4}$ due 1951—1960.....	769,840.71
	<hr/>
	1,117,528.38

RESERVE FOR CONTINGENCIES.....	85,000.00
--------------------------------	-----------

CAPITAL:

Authorized, issued and fully paid: 10,000 shares of \$100.00 each.....	\$ 1,000,000.00
---	-----------------

SURPLUS:

Earned surplus.....	3,159,600.23
Deferred surplus—refundable portion of excess profits taxes	728,668.37
Capital surplus arising from the acquisition of shares in a subsidiary company at less than book value.....	256,965.14
Subsidy moneys paid by Dominion Government (Note 4).....	968,174.10

CAPITAL AND SURPLUS	6,113,407.84
	<hr/>
	\$11,159,316.23

Auditors' Report

To the Directors,

Burrard Dry Dock Company Limited.

We have examined the consolidated balance sheet of Burrard Dry Dock Company Limited and subsidiary companies and have obtained all the information and explanations we have required. We report that, in our opinion, the above consolidated balance sheet, supplemented by the notes appended thereto, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies at December 31, 1946, according to the best of our information and the explanations given to us.

VANCOUVER, B.C.
May 12, 1947.

(Signed) HELLIWELL MACLACHLAN & Co

Chartered Accountants.

Notes To Consolidated Balance Sheet As At December 31, 1946

(Also applicable to the subjoined Pro Forma Consolidated Balance Sheet as at December 31st, 1946)

NOTE 1:—Final assessments for income and excess profits taxes have been received as follows:

Burrard Dry Dock Company Limited—to December 31, 1941

Burrard (Vancouver) Dry Dock Company Limited—to June 30, 1945

Yarrows Limited—to December 31, 1943

Particulars of assessments made by taxation authorities in Vancouver and Victoria, which are subject to review at Ottawa, have been obtained in respect of the following periods:

Burrard Dry Dock Company Limited—4 years ended December 31, 1945

Burrard (Vancouver) Dry Dock Company Limited—year ended June 30, 1946

Yarrows Limited—2 years ended December 31, 1945

Provision for taxes on income and computation of the refundable portion of excess profits taxes for these periods have been made in accordance with the aforementioned assessments.

NOTE 2:—It has been the practice of the Burrard Dry Dock Company Limited to include in its inventory of work in progress on ship repairs, percentages of profit not in excess of 8% of material, labour and overhead costs. The amount of such profit included in the inventory at December 31, 1946 is \$34,863.79. The balance of that company's inventory and the total amount of the inventory of Yarrows Limited consist of material, labour and overhead costs.

NOTE 3:—Since December 31, 1946, additional advances of \$100,000.00 have been made to the Wallace Shipbuilding and Dry Dock Company, Limited, which at December 31st, 1946, was the parent Company.

NOTE 4:—This amount represents that portion of subsidy moneys received which has been used to redeem the first mortgage serial bonds of the Company as shown hereunder:

5 per cent. bonds (old issue) called for redemption in 1936.....	\$313,310.09
3 per cent. and 3½ per cent. bonds.....	654,864.01
<hr/>	
	\$968,174.10

In addition to this amount, the Dominion Government has provided out of subsidy moneys a sinking fund of \$70,173.40 for renewal of pontoons of the floating dry dock.

Burrard Dry Dock Company Limited and Subsidiary Companies

Pro Forma Consolidated Balance Sheet As At December 31, 1946 After Giving Effect To The Undernoted Items:

- Redemption on October 9th, 1947, of the balance of the principal amount of First Mortgage 3 per cent. and 3½ per cent. Bonds outstanding, from the funds of the Company. The Company has deposited with Montreal Trust Company the necessary funds to redeem such Bonds and the Montreal Trust Company has released to the Company all assets of the Company pledged to secure the said Bonds.
- Writing off Bond Discount and Expenses to Earned Surplus.
- Reorganization of the Company's Capital of 10,000 shares of \$100.00 each into 250,000 Cumulative Participating Non-callable Class "A" Shares of no par value and 750,000 Class "B" no par shares.
- Creation of Class "A" Dividend Maintenance Fund by transfer from Earned Surplus of \$562,500.00.
- Receipt of \$1,000,000 from Wartime Shipbuilding Limited on account of balance owing.

ASSETS

CURRENT ASSETS:

Cash in bank and on hand.....	\$ 290,026.11
Marketable Securities at cost and accrued interest.....	1,484,715.07
Accounts receivable, less reserve:	
Dominion Government departments and Crown corporations	\$ 613,497.52
Other.....	1,161,226.28
	<hr/>
Wartime Shipbuilding Limited:	
Claims in respect of terminated contracts.....	\$4,126,634.09
Less balance accountable advances on ship construction, after charging inventory of stores \$746,639.25.....	3,779,122.30
	<hr/>
Deposits on tenders.....	347,511.79
Receiver General of Canada—overpayment of taxes on income (Note 1).....	18,025.00
Inventories of stores and supplies, at cost.....	438,895.10
Work in progress ship repairs (Note 2).....	1,150,918.32
Prepaid expenses.....	374,938.27
	<hr/>
REFUNDABLE PORTION OF EXCESS PROFITS TAXES (Including \$5,903.57 applicable to operations of a subsidiary company prior to the acquisition of its shares by Burrard Dry Dock Company Limited).....	20,924.76
	<hr/>
CLASS "A" DIVIDEND MAINTENANCE TRUST FUND:	
Dominion of Canada Bonds.....	562,500.00
ADVANCES TO WALLACE SHIPBUILDING & DRY DOCK COMPANY (1930) LIMITED (Note 3)	136,300.29
FIXED ASSETS AT COST:	
Real estate:	
Business property.....	\$ 894,162.82
Residential property (non-revenue producing).....	110,406.91
	<hr/>
Floating dry dock, buildings, plant and equipment, automobiles and trucks..	\$ 9,798,932.81
Less reserves for depreciation (including special depreciation of wartime facilities \$6,345,302.14).....	8,214,827.17
	<hr/>
Agreement for sale of real estate.....	1,584,105.64
	<hr/>
	1,518.98
	<hr/>
	2,590,194.35
	<hr/>
	\$9,924,244.80

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities.....	\$ 845,764.97
Balance due on purchase of shares in a subsidiary company.....	414,282.09
French Supply Council in Canada:	
Progress payments received in respect of construction of steam colliers ..	\$3,733,345.94
Less costs of construction in progress	1,150,012.99
	<hr/>
	2,583,332.95
	<hr/>
CLASS "A" DIVIDEND MAINTENANCE FUND	\$3,843,380.01
Subject to conditions of paragraph 5 of Section 9 in subjoined Statutory Information.....	562,500.00
RESERVE FOR CONTINGENCIES.....	85,000.00

CAPITAL:

Authorized, issued and fully paid:	
250,000 cumulative participating non-callable Class "A" shares of no par value	\$ 250,000.00
750,000 Class "B" shares of no par value.....	750,000.00

Notes:

- Class "A" shares carry preference to a dividend of 45 cents per year and after Class "B" shares receive total of 15 cents in any year Class "A" shares rank equal with Class "B" shares in any further dividend up to 30 cents in such year.
- No dividend may be declared on Class "B" shares which reduces consolidated net current assets below \$1,500,000.00.

SURPLUS:

Earned surplus.....	2,479,557.18
Deferred surplus—refundable portion of excess profits taxes.....	728,668.37
Capital surplus arising from the acquisition of shares in a subsidiary company at less than book value.....	256,965.14
Subsidy moneys paid by Dominion Government (Note 4).....	968,174.10
	<hr/>
CAPITAL AND SURPLUS	5,433,364.79
	<hr/>
	\$9,924,244.80

TO THE DIRECTORS, BURRARD DRY DOCK COMPANY LIMITED.

We have examined the above pro forma Balance Sheet of Burrard Dry Dock Company Limited and subsidiary companies as at December 31st, 1946, and report that in our opinion it is properly drawn up so as to exhibit a true and correct view of the state of the Companies' affairs at December 31st, 1946, after giving effect to the changes set forth above according to the best of our information and the explanations given us.

VANCOUVER, B.C.
May 12, 1947.

(Signed) HELLIWELL MACLACHLAN & CO
Chartered Accountants.

STATUTORY INFORMATION

- (1) The full name of the Company is BURRARD DRY DOCK COMPANY, LIMITED.
- (2) The Company was incorporated under the "Companies Act 1906" of the Dominion of Canada by Letters Patent, dated the 6th day of October, 1921. Supplementary Letters Patent are being applied for changing each share of the capital stock of the Company of \$100 into 25 Class "A" Shares and 75 Class "B" Shares all of no par value and having the rights and restrictions referred to in paragraph 9 hereof.
- (3) The head office of the Company is located at East Esplanade, North Vancouver, B. C.
- (4) The general nature of the business actually transacted by the Company is that of shipbuilding and ship repairing and the operation of a dry dock constructed under subsidy from the Dominion Government.
- (5) The names, descriptions and addresses of the officers and directors of the Company are as follows:

Officers:

President—Clarence Wallace, C.B.E.—Shipbuilder... 1250 West 54th Avenue, Vancouver, B. C.
 Vice-President—Hubert Alfred Wallace—Shipbuilder 3175 Beach Drive, Victoria, B. C.
 General Manager—William Jefferson Wardle—Shipbuilder. 4050 St. Marys, North Vancouver, B. C.
 Secretary-Treasurer—Charles H. Mordy—Accountant, 3990 West 10th Avenue, Vancouver, B. C.

Directors:

Clarence Wallace, C.B.E.—Shipbuilder 1250 West 54th Avenue, Vancouver, B. C.
 Hubert Alfred Wallace—Shipbuilder 3175 Beach Drive, Victoria, B. C.
 William Jefferson Wardle—Shipbuilder 4050 St. Marys, North Vancouver, B. C.
 Alan Holmes Williamson, O.B.E.—Investment Dealer.... 3989 Pine Crescent, Vancouver, B. C.
 Carl Halterman—Executive 2075 Nelson St., Vancouver, B. C.

- (6) The name and address of the auditors of the Company is Helliwell, MacLachlan & Co., 355 Burrard St., Vancouver, B. C.
- (7) The Transfer Agent and Registrar for the transfer of the shares in respect of which this statement is filed are respectively The Canada Trust Company and Montreal Trust Company at their offices in the cities of Vancouver, Winnipeg, Toronto and Montreal.
- (8) Particulars of present share capital:

Class	Par Value	No. of Shares			Paid Up
		Authorized	Issued		
Common.....	\$100	10,000	10,000		\$1,000,000

Particulars of Share Capital subsequent to issue of Supplementary Letters Patent presently applied for:

Class	Par Value	No. of Shares			Paid Up
		Authorized	Issued		
Cumulative Participating Non-Callable					
Class "A" shares.....	No Par Value	250,000	250,000		\$250,000
Class "B" shares.....	No Par Value	750,000	750,000		\$750,000

- (9) A description of the respective voting rights, preferences, participating rights, rights to dividends, profits or capital of each class of shares, including rights on liquidation or distribution of capital assets attaching to the Class "A" and Class "B" share capital of the company is as follows:

1. The holders of Class "A" Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the Board of Directors of the Company out of the moneys of the Company properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at the rate of Forty-five Cents (\$0.45) per Share per annum payable quarterly on the 15th days of March, June, September and December in each year, and such dividends shall accrue from such date or dates as may in the case of each issue be determined by the Board of Directors of the Company, or in case no date be determined, then from the date of allotment. Dividends shall be deemed to be accruing from day to day and the quarterly dividend to be paid on each of the four quarterly dividend payment dates shall be deemed to include the dividend accruing for that day.

If on any dividend payment date the dividend payable on such date is not paid in full on all the Class "A" shares then outstanding, such dividend, or the unpaid part thereof, shall be paid, but only as and when declared by the Board of Directors of the Company, on a subsequent dividend payment date or dates out of moneys properly applicable to the payment of dividends and before any subsequently accruing dividend shall be paid on the Class "A" Shares.

No dividend shall at any time be declared and paid or set apart for payment upon the Class "B" Shares or upon any other Shares in the Capital Stock of the Company until all fixed cumulative preferential cash dividends on the Class "A" Shares as provided in this paragraph 1 shall have been declared and paid or set apart for payment for the current quarterly dividend period and for all previous quarterly dividend periods.

The holders of Class "A" Shares shall also be entitled, subject to the terms and conditions contained in paragraph 3 hereof, to receive additional participating dividends to the extent provided in said paragraph 3.

2. Subject to the provisions of paragraphs 1 and 6 hereof, the Company may pay, as and when declared by the Board of Directors of the Company, out of moneys of the Company properly applicable to the payment of dividends, dividends on the Class "B" Shares at an amount not to exceed Fifteen Cents (\$0.15) per Share per annum but such dividends on the Class "B" Shares shall be non-cumulative, whether earned

or not, and if in any financial year the Board of Directors shall not declare a dividend on the Class "B" Shares, or shall not declare a dividend or dividends on the Class "B" Shares in the total amount of Fifteen Cents (\$0.15) per Share, then the right of the holders of the Class "B" Shares to a dividend for such financial year or to any greater dividend than the dividend or dividends actually declared in such financial year shall be forever extinguished; provided always, that the aggregate amount of dividends per Share declared on the Class "B" Shares at any time in any financial year under the provisions of this paragraph 2 shall not exceed one-third (1/3rd) of the aggregate dividends per Share theretofore declared on the Class "A" Shares (exclusive of any arrears of dividends) in such financial year under the provisions of paragraph 1.

3. Subject to the provisions of paragraph 6, whenever in any financial year dividends aggregating Forty-five Cents (\$0.45) per Share shall have been paid or declared and set apart for payment on all the Class "A" Shares at the time outstanding, and dividends aggregating Fifteen Cents (\$0.15) per Share shall have been paid or declared and set apart for payment on all the Class "B" Shares at the time outstanding in accordance with the provisions of the preceding paragraphs 1 and 2 hereof, any and all additional dividends which in the discretion of the Board of Directors of the Company may be declared in such financial year shall be declared and paid or set apart for payment in equal amounts per Share on all the Class "A" Shares and all the Class "B" Shares at the time outstanding, share and share alike, without preference or priority of one Share over another, until there have been declared on each of the then outstanding Class "A" Shares and Class "B" Shares additional dividends equal to Thirty Cents (\$0.30) per Share after which the holders of Class "A" Shares shall not be entitled to participate in any further dividends which in the discretion of the Board of Directors may be declared in such financial year out of any moneys of the Company properly applicable to the payment of dividends, and all such further dividends, if any, shall be declared on the Class "B" Shares only.

4. Warrants or cheques of the Company, payable at par at any branch of the Company's bankers for the time being in Canada, shall be issued in respect of all dividends payable on the Class "A" Shares, and payment thereof shall satisfy such dividends. Dividends shall be paid to the registered holders of Class "A" Shares appearing on the Register at the close of business on such a day preceding the day fixed for payment of the dividend as may be determined from time to time by the Directors.

5. The Company shall forthwith set aside in a Class "A" Dividend Maintenance Fund (hereinafter called the "Fund") out of the earned surplus of the Company as at 31st December, 1946, the sum of \$562,500.00, which shall be applied from time to time, together with such additional moneys as may be set aside in the Fund, in accordance with the provisions hereinafter contained for the sole and exclusive purpose of ensuring the regular payment of the fixed cumulative preferential cash dividends on the Class "A" Shares referred to in paragraph 1 whenever the moneys of the Company properly applicable to the payment of dividends are not sufficient for such purpose without recourse to the Fund; provided that the Directors of the Company may, in their discretion, have recourse to the Fund for the payment in whole or in part of such dividends on the Class "A" Shares in any financial year to the extent that the balance of the aggregate consolidated net earnings of the Company and its subsidiaries earned subsequent to 31st December, 1946 (as ascertained by the Company's Auditors), which shall remain after deducting from the amount of such aggregate consolidated net earnings the payments referred to below in sub-paragraphs (a), (b) and (c) of this paragraph 5, is insufficient for such purpose.

If and whenever by reason of the application of any moneys in the Fund to the payment of dividends on the Class "A" Shares as aforesaid the moneys in the Fund fall below the said sum of \$562,500.00, the Company shall from time to time at the end of each financial year, as soon as the consolidated net earnings of the Company and its subsidiaries for such year shall have been determined by the Company's Auditors, restore the Fund as soon as possible to the said sum of \$562,500.00 by setting aside in the Fund out of any moneys of the Company available for such purpose, and to the extent necessary for such purpose, additional moneys up to, but not exceeding, an amount equal to the balance of the aggregate consolidated net earnings of the Company and its subsidiaries earned subsequent to 31st December, 1946, which shall remain after deducting from the amount of such aggregate consolidated net earnings the following:—

- (a) An amount equal to all dividends paid or accrued on the Class "A" Shares (other than dividends on the Class "A" Shares which have been paid out of the Fund);
- (b) An amount equal to all dividends declared and paid on the Class "B" Shares, less the aggregate of the several amounts, if any, by which all dividends declared on the Class "B" Shares in each financial year together with all dividends declared on the Class "A" Shares in each such financial year exceed the amount of the consolidated net earnings of the Company and its subsidiaries for such financial year; and
- (c) The aggregate amount of the additional moneys, if any, over and above the said initial sum of \$562,500.00 which have been set aside in the Fund in accordance with the foregoing provisions.

Provided always, that such additional moneys shall be set aside in the Fund to the extent only that such setting aside will not reduce the consolidated net current assets of the Company and its subsidiaries below the sum of \$1,500,000.00 after payment or provision for payment of all fixed cumulative preferential cash dividends on the Class "A" Shares payable in the then current financial year.

Pending the application of the Fund for the purpose aforesaid, it shall be represented by a special and identifiable Trust Account consisting of cash in Bank or investments in Dominion of Canada Bonds.

6. No dividends shall at any time be declared and paid or set apart for payment upon the Class "B" Shares or any other Shares in the Capital Stock of the Company other than the Class "A" Shares at any time when the consolidated net current assets of the Company and its subsidiaries amount to less than \$1,500,000.00, or when the payment of such dividends would reduce such consolidated net current assets below the said sum of \$1,500,000.00.

7. The term "consolidated net current assets" of the Company and its subsidiaries as used in these provisions means the excess of consolidated current assets over consolidated current liabilities of the Company and its subsidiaries. "Consolidated current assets" means accounts receivable, bills and notes receivable and similar and other instruments receivable from or in connection with the operation of the business of the Company and its subsidiaries (less adequate reserves for bad and doubtful accounts), cash on hand and in banks, investments in marketable securities and call loans, valued at market; inventories of raw material and supplies valued at the lower of cost or market and raw material and supplies used or in course of being used in the building or repair of any vessel valued at the approximate realizable value, prepaid taxes and insurance, sundry advances, deposits and any other assets ordinarily classified as current. Any cash and bonds in the Fund shall be excluded in the computation of consolidated current assets. "Consolidated current liabilities" means all the liabilities of the Company and its subsidiaries, other than capital stock, surplus and free reserves, the principal amount of any bond issue of the Company and any liability maturing more than one year after the date of the ascertainment of consolidated current liabilities collaterally secured by bonds, debentures or other security but including any indebtedness to secure payment of which any shares, bonds or other securities which are included among consolidated current assets have been pledged or otherwise charged. In computing consolidated net current assets all intercompany accounts shall be excluded. The decision of the Company's auditors in respect of any matters referred to in this paragraph shall be final.

8. Whenever under these provisions a calculation is required as to net earnings, consolidated net earnings, consolidated net current assets, or otherwise, the Company shall be entitled to rely upon the Certificate or Report of the Company's Auditors, and any such Certificate or Report shall be conclusive and binding upon the Company and upon all other interested parties; provided always that the Directors of the Company when declaring any dividend shall be entitled to rely upon the consolidated Balance Sheet and Statements of Profit and Loss and of surplus of the Company and its subsidiaries for the then last preceding financial year as certified by the Company's Auditors with such adjustments as the Directors may consider necessary having regard to any changes which may have occurred since the date of such Balance Sheet and Statements.

9. In the event of the liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company among shareholders (other than by way of dividend out of moneys of the Company properly applicable to payment of dividends), the holders of the Class "A" Shares shall first be entitled to receive an amount equal to all unpaid fixed cumulative preferential cash dividends thereon (which for such purpose shall be calculated as if such dividends were accruing from day to day for the period from the expiration of the last quarterly period for which dividends have been paid up to and including the date of distribution), and whether declared or not, together with the amount of any participating dividends thereon theretofore declared but not paid, and thereafter the holders of the Class "A" Shares shall be entitled to share equally with the holders of the Class "B" Shares, share and share alike, in all distributions of the assets of the Company.

10. The holders of the Class "A" Shares shall not be entitled (except as hereinafter specifically provided) to receive notice of or to attend any meetings of shareholders of the Company, and shall not be entitled to vote at any such meetings unless and until the Company from time to time shall fail to pay in the aggregate four quarterly dividends on the Class "A" Shares as provided in paragraph 1, whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends. Thereafter, so long as any dividends on the Class "A" Shares remain in arrears, the holders of the Class "A" Shares shall be entitled to receive notice of all meetings of shareholders of the Company and to attend and vote thereat and to have one vote for each Class "A" Share held, and shall also have the exclusive right, voting separately and as a Class, to elect one-quarter of the members of the Board of Directors, and while such right continues the holding of one Class "A" Share shall be sufficient to qualify the holder thereof for election as a Director of the Company. At all meetings of shareholders of the Company the holders of Class "B" Shares shall be entitled to one vote for each Class "B" Share held.

11. So long as any of the Class "A" Shares are outstanding the Company shall not without but may from time to time with the approval of the Class "A" Shares to be given as hereinafter specified:—

- (a) Pass any resolution to wind up the Company voluntarily;
- (b) Sell or dispose of its share holdings in any subsidiary or permit any subsidiary to create or issue any additional shares or securities except to the Company;
- (c) Sell or dispose of or permit any subsidiary Company to sell or dispose of (except to the Company or another subsidiary Company) by conveyance, transfer, lease or otherwise, the assets and undertaking of the Company or subsidiary Company, as the case may be, as an entirety or substantially as an entirety;
- (d) Surrender its Charter;
- (e) Authorize any additional Class "A" Shares or any other shares of any class ranking in priority or on a parity with or junior to the Class "A" Shares or subdivide or change any of the shares of the authorized capital of the Company into a different number of shares or declare any dividends payable in capital stock of the Company.
- (f) Create, or cause or permit any subsidiary Company to create, any mortgage, lien, charge or encumbrance of any kind on any part of the property, real or personal assets or undertaking of the Company or of any subsidiary Company, or cause or suffer any lien in the nature of a mortgage to be placed thereon, or issue or cause or permit any subsidiary Company to issue any bonds, debentures, debenture stock or other evidence of indebtedness secured thereon or create or issue or cause or permit any subsidiary Company to create or issue any other indebtedness which by its terms matures twelve months or more after the date of the creation thereof; provided, however, that the restrictions in this paragraph 11 contained shall not apply to nor operate to prevent,—

- (i) the assuming or giving of purchase money mortgages or other purchase money liens on property acquired by the Company or any subsidiary after April 1, 1947, or the acquiring of property subject to any mortgage, lien, charge or encumbrance thereon existing at the time of such acquisition, or
- (ii) the placing of mortgages, liens, charges or encumbrances by the Company or any subsidiary Company on real property acquired subsequently to April 1, 1947 for the purpose of building thereon incidental to the business of the Company or such subsidiary Company or the acquiring of property subject to any mortgage, lien, charge or encumbrance thereon existing at the time of such acquisition or to the creation by any subsidiary Company of any mortgage, lien, charge or encumbrance to secure, retire or fund any indebtedness existing prior to the time when such Company became a subsidiary Company, or
- (iii) the renewing or refunding of any mortgage, lien, encumbrance or indebtedness existing on April 1, 1947 or permitted under subdivision (i) or (ii) of this sub-paragraph to the extent of the principal amount of any such mortgage, lien, charge, encumbrance or indebtedness at the time of such renewal or refunding, or
- (iv) pledging of customers' notes, accounts receivable, contracts, proceeds of contracts, bills of lading, warehouse receipts, securities or other liquid assets as collateral security for loans incurred in the ordinary course of the business of the Company or any subsidiary Company, or
- (v) the borrowing of money for the purposes of the Company or any subsidiary Company from any bank or trust company in Canada or elsewhere from time to time or giving to such bank or trust company of security for the moneys so borrowed and/or for any liability of the Company or subsidiary Company under the provisions of The Bank Act and/or otherwise, or
- (vi) the making of any loans or advances by the Company to a subsidiary Company or by a subsidiary Company to the Company or by any subsidiary to any other subsidiary or the creation and/or issuance of any mortgage, lien, charge or encumbrance by the Company in favour of any subsidiary or by any subsidiary in favour of the Company or any other subsidiary.

"Subsidiary Company" or "subsidiary" as used in this paragraph 11 means any corporation or company a majority of the outstanding voting stock or shares of which is or shall at any time be owned directly or indirectly by or held for the Company and means any subsidiary of a subsidiary Company. "Voting stock or shares" as used in this definition means stock or shares of any class carrying voting rights but shall not include stock or shares of any class carrying limited voting rights or carrying voting rights by reason of the happening of any contingency whether or not such contingency shall have happened.

12. Any consent aforesaid shall be deemed to have been sufficiently given if it shall have been approved in writing by the holders of a majority of the outstanding Class "A" Shares or by Resolution passed at a Special General Meeting of holders of Class "A" Shares duly called and held upon not less than twenty-one days' notice at which the holders of at least a majority of the outstanding Class "A" Shares are present or are represented by proxy and carried by the affirmative vote of the holders of a majority of the outstanding Class "A" Shares or by the affirmative vote of not less than three-fourths of the votes cast at such meeting, whichever is less. If at any such Special General Meeting the holders of a majority of the outstanding Class "A" Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting then the meeting shall be adjourned to such date not less than twenty-one days thereafter and to such time and place as may be designated by the Chairman, and not less than fifteen days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the holders of Class "A" Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of the holders of a majority of the outstanding Class "A" Shares or by the affirmative vote of not less than three-fourths of the votes cast at such meeting, whichever is less, shall constitute the sanction of the holders of Class "A" Shares referred to above. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any such Special General Meeting or adjournment and the conduct thereof shall be those from time to time prescribed in the By-laws of the Company in respect of meetings of shareholders.

13. The Directors of the Company may at any time or times or from time to time pass a By-law authorizing an application for Supplementary Letters Patent whereby all or any of the rights, preferences, priorities, limitations, conditions and restrictions attaching to or affecting the Class "A" Shares may be amended, modified, suspended, altered and/or repealed but no such By-law or By-laws shall be effective or acted upon unless and until confirmed (i) by the consent in writing of the holders of at least sixty-six and two-thirds per cent (66 2/3%) of the Class "A" Shares then outstanding, or (ii) by Resolution passed at a meeting of the holders of Class "A" Shares duly called for considering the same at which the holders of at least a majority of the outstanding Class "A" Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than sixty-six and two-thirds per cent (66 2/3%) of the Class "A" Shares represented and voted at such meeting cast on a poll, in addition to such other vote (including the vote of other classes of shareholders) as may be required by The Companies Act.

(10) \$311,316.13 of 3% First Mortgage Bonds and \$769,840.71 of 3½% First Mortgage Bonds of the Company are presently outstanding under a Trust Deed dated as of the 15th day of March, 1936 and made between the Company and Montreal Trust Company. The Company has deposited with the Montreal Trust Company the necessary funds to redeem all the said bonds at the earliest possible date permissible under the said Trust Deed, namely the 9th day of October, 1947. Pursuant to

such deposit Montreal Trust Company has released to the Company all assets of the Company pledged to secure the said bonds. No other bonds or debentures of the Company are outstanding or are proposed to be issued and at the date hereof no other securities are issued or are proposed to be issued, which, if issued will rank ahead of or *pari passu* with the securities in respect of which this statement is filed.

- (11) There is no substantial indebtedness of the Company to be created or assumed which is not shown in the attached balance sheet.
- (12) No securities of the Company are covered by options outstanding or proposed to be given by the Company.
- (13) The number of securities of each class in respect to which this statement is filed is 250,000 cumulative participating non-callable Class "A" Shares of the capital stock of the Company without nominal or par value.

There is no issue price by the Company as these shares are not being offered by the Company and their sale does not represent new financing by the Company. Two shareholders of the Company have agreed to sell to Wood Gundy & Company Limited the shares in respect of which this statement is filed and Wood Gundy & Company Limited are offering the same to the public at a price of \$9 per share. No securities have been issued by the Company within the two years preceding the date hereof.

- (14) As stated in paragraph 13, two shareholders of the Company have agreed to sell to Wood Gundy & Company Limited the shares in respect of which this statement is filed and no part of the proceeds of such sale will accrue to the Company.
- (15) As the said shares are not being sold by or for the Company, no funds will be raised for the Company's purposes through the sale thereof. There is no provision for the holding in trust of the proceeds of the issue of such shares pending or subject to the fulfilment of any conditions.
- (16) As the said shares are not being sold by or for the Company no funds will be raised for the purposes of the Company through the sale thereof.
- (17) Under date of the 7th day of May, 1947, Wood Gundy & Company Limited entered into an Agreement with Clarence Wallace and Hubert Alfred Wallace providing for the sale to the said Wood Gundy & Company Limited of the 250,000 cumulative participating non-callable Class "A" shares of no par value, in respect of which this statement is filed, at a price of \$8.00 per share, subject to compliance with all necessary legal formalities and to the terms and conditions therein stated.
- (18) The By-laws of the Company contain the following provisions with respect to the remuneration of the Directors:

"The remuneration of the Directors of the Company shall from time to time be determined by Resolution of the Directors of the Company, and such remuneration shall be in addition to the salary paid to any officer of the Company who is also a member of the Board of Directors. The Directors may also by Resolution award special remuneration to any Director undertaking any special service on the Company's behalf other than routine work ordinarily required of a Director by the Company and confirmation of any such Resolution or Resolutions by the shareholders shall not be required. The Directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company."
- (19) The aggregate remuneration paid by the Company during its last financial year ended December 31, 1946 to the Directors as such was \$1,000 and to officers of the Company who individually received or were entitled to receive remuneration in excess of \$10,000 per annum was \$44,956. It is estimated that during the current financial year ending December 31, 1947 approximately the amount of \$3,000 will be paid to Directors as such and approximately \$47,000 will be paid to officers who individually receive or are entitled to receive remuneration in excess of \$10,000 per annum. The aggregate remuneration paid by the subsidiaries of the Company during their last financial year ending December 31st, 1946 to Directors as such was nil, and to officers of subsidiaries who individually received or were entitled to receive remuneration in excess of \$10,000 per annum was \$8,500.
- (20) No amount has been paid within the two years preceding the date hereof, or is now payable as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company.
- (21) The Company has been carrying on business for more than one year.
- (22) and (23). No property has been purchased or acquired by the Company or is proposed to be purchased or acquired, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the sale of the shares in respect of which this statement is filed, or is to be paid in whole or in part in securities of the Company other than transactions entered into in the ordinary course of operations or on the general credit of the Company. Within the past two years the following properties have been acquired:

By Agreement dated March 2nd, 1946 and made between the Company and Norman A. Yarrow, of 925 Fowl Bay Rd., Victoria, B.C., the Company acquired an option to purchase all the issued share capital of Yarrows Limited for a sum in cash approximating \$1,289,282.09. The actual purchase consideration was \$250,000.00 together with such additional sum as the auditors of Yarrows Limited and the Company certify as being the amount by which the current assets of Yarrows Limited as of the 31st December, 1945 were in excess of its current liabilities as of the 31st of December, 1945, plus the refundable portion of excess profit taxes, less sums aggregating \$40,000.00. The amount of net current assets of Yarrows Limited as at December 31st, 1945 has not been finally determined at this time but it is estimated that the approximate amount payable by the Company for the said shares will be the said sum of \$1,289,282.09. This option has been exercised and the sum of \$875,000.00 paid on account.

- (24) No securities have been issued or agreed to be issued as fully or partly paid-up otherwise than in cash within the two years preceding the date hereof.
- (25) No obligations are offered hereby.
- (26) No services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the shares in respect of which this statement is filed or have been within the two years preceding the date hereof or are to be paid for by securities of the Company.
- (27) No amount has been paid within the two years preceding the date hereof or is intended to be paid to any promoter.
- (28) The Company has not entered into any material contracts within the two years preceding the date hereof other than contracts in the ordinary course of business, save and except the contracts referred to in paragraph (22) hereof and a contract dated the 17th day of May, 1947 and made between the Company, the Royal Trust Company, Clarence Wallace, Hubert Alfred Wallace and Sarah Bona Wallace, which latter contract confirms to Sarah Bona Wallace the payment of \$625.00 per month by the Company in consideration of the valuable services rendered to the Company during his life-time by her husband Alfred Wallace deceased, the late President of the Company. All contracts referred to may be inspected at the offices of Messrs. Campney, Owen & Murphy, Solicitors, 744 West Hastings Street, Vancouver, B. C. during usual business hours.
- (29) At the present time the Company does not propose to acquire any property in which any Director is interested.
- (30) The Company has been carrying on business for more than three years.
- (31) Mr. Clarence Wallace of 1250 West 54th Avenue, Vancouver, B. C. and Mr. Hubert Alfred Wallace of 3175 Beach Drive, Victoria, B. C. are in a position to elect a majority of the Directors of the Company, by virtue of the beneficial ownership of the majority of the Class "B" shares of the Company.
- (32) No securities of the Company of the same class as the shares in respect of which this statement is filed are held in escrow.
- (33) Particulars of dividends paid during the five years preceding the date hereof are as follows: Nil.

The foregoing constitutes full and complete disclosure of all material facts in respect of the application for filing particulars of this issue with the Ontario Securities Commission as required under Section 49 of the Securities Act, 1945 (Ontario) and there is no further information applicable other than the information contained herein and in the financial statements attached hereto.

The following are the names of every person having an interest either directly or indirectly to the extent of not less than 10% in the capital of Wood, Gundy & Company Limited:

J. H. Gundy H. W. Loftt W. N. McIlwraith W. P. Scott A. H. Williamson

Vancouver, B. C.,
May 19th, 1947.

**Directors of
Burrard Dry Dock Company, Limited**

(Signed) C. WALLACE

(Signed) H. A. WALLACE

(Signed) W. J. WARDLE

(Signed) A. H. WILLIAMSON

(Signed) CARL HALTERMAN

Underwriters

Wood, Gundy & Company Limited

Per H. H. DINGLE

